

Close the Big Oil Tax Loophole

1 **WHEREAS** the extracted fuel exemption is a tax preference allowing companies
2 to avoid paying use taxes on fuel which they produce and burn at the same
3 facility; and

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5 **WHEREAS** the Washington State Legislature created the extracted fuel exemption
6 to benefit sawmills that used wood scraps (“hog-fuel”) to power their equipment;
7 and

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9 **WHEREAS** five oil refineries that produce fuel on-site and use that fuel to refine
10 oil today receive 98 percent of the benefit of the extracted fuel exemption; and

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12 **WHEREAS** oil refineries did not exist in Washington State in 1949 when the
13 exemption was enacted by the Legislature; and

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15 **WHEREAS** of 29 states with oil refineries, only one other state, Alabama, has an
16 extracted fuel exemption; and

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18 **WHEREAS** Alabama’s rule is more narrowly defined for petroleum products; and

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20 **WHEREAS** the exemption represents \$41 million in lost revenue to the State of
21 Washington over the next biennium; and

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23 **WHEREAS** the Washington State Supreme Court has stated that the Legislature is
24 “not on target” to implement the court-ordered mandate to meet its constitutional
25 obligation to fully fund basic education; and

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27 **WHEREAS** HB 2038 would have eliminated a big oil tax preference, but stalled in
28 the State Senate in 2013;

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30 **THEREFORE BE IT RESOLVED** that we, the Washington State Democratic
31 Central Committee, urge the Washington State Legislature to *eliminate the “hog*
32 *fuel” tax preference for oil companies and invest in K-12 basic education during the 2014*
33 *legislative session.*

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36 Submitted by the 31st Legislative District Democrats to the Washington State Democratic Central
37 Committee for consideration at its February 1, 2014 meeting in Vancouver. (Date Submitted 1/23/2014)

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39 The WSDCC Resolutions Committee "AMENDED THIS RESOLUTION AND RECOMMENDED A
40 PASS" at its February 1, 2014 meeting in Vancouver.

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42 The WSDCC "PASSED" this resolution at its February 1, 2014 meeting in Vancouver.